

Eric D. Goldberg (SBN 157544)
DLA PIPER LLP (US)
2000 Avenue of the Stars
Suite 400 North Tower
Los Angeles, California 90067-4704
Tel: 310.595.3000
Fax: 310.595.3300
Email: eric.goldberg@us.dlapiper.com

Kate L. Benveniste (*Admission to CA Bar pending*)
(AZ Bar No. 027284)
DLA Piper LLP (US)
2525 East Camelback Road, Suite 1000
Phoenix, Arizona 85016-4232
Tel: 480.606.5100
Fax: 480.606.5101
Email: kate.benveniste@dlapiper.com

Attorneys for Secured Creditor
Stillwell Madison, LLC

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

In re:
GIRARDI KEESE,
Debtor.

Case No. 2:20-bk-21022-SK

Chapter 7

**STILLWELL MADISON, LLC'S LIMITED
OBJECTION TO TRUSTEE'S MOTION TO
APPROVE COMPROMISE WITH FRANTZ
LAW GROUP**

Date: February 2, 2021

Time: 10:00 a.m.

Place: Zoom for Government

Meeting URL:

<https://cacb.zoomgov.com/j/1614873359>

Meeting ID: 1614873359

Password: 123456

Telephone: (669) 254 5252

1 Secured Creditor Stillwell Madison, LLC (“Stillwell”) respectfully submits this Limited
2 Objection to the Trustee’s Emergency Motion For Order: (1) Approving Compromise With
3 Frantz Law Group, APLC Pursuant To Federal Rule Of Bankruptcy Procedure 9019;
4 (2) Authorizing The Assignment Of The Estate's Interests In The Southern California Gas
5 Leak Litigation Free And Clear Of Liens, Claims And Interests Pursuant To 11 U.S.C.
6 § 363; And (3) Authorizing Rejection Of The Assumption And Lien Agreement Between The
7 Debtor And Abir Cohen Treyzon Salo LLP Pursuant To 11 U.S.C. § 365 (Docket No. 123
8 (“Motion”)).

9 **LIMITED OBJECTION**

10 Stillwell generally agrees with the proposition that preservation of the Estate’s
11 interests in the Debtor’s pending cases (and in a manner that does not offend client rights)
12 is of paramount importance. Although the Motion unfortunately does not elaborate as to
13 the facts underlying the Trustee’s determination that Frantz Law Group, APLC (“Frantz”) is
14 the best firm to assign the Debtor’s interests in the Southern California Gas Leak
15 Litigation—beyond the assertion that Frantz has purportedly been “actively” involved—
16 Stillwell is not currently aware of any facts that would militate against the selection of
17 Frantz. Thus, Stillwell does not challenge the Trustee’s judgment that Frantz is the most
18 appropriate choice.¹

19 Stillwell does have reservations, however, regarding some aspects of the settlement
20 agreement between the Trustee and Frantz as submitted. (Ex. 1 to Doc. 123, pp. 28-35
21 (“Proposed Settlement Agreement”).) The Proposed Settlement Agreement either does not
22 address, or is unclear with respect to, the following critical issues:

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24
25
26 ¹ For this reason, Stillwell joins the Trustee’s request that the Court reject the Assumption
27 and Lien Agreement between the Debtor and ACTS. (Doc. 123 at 14:23-16:3; Ex. 3 to
28 Doc. 123, pp. 47-50.)

- 1 • There is no release of Frantz's purported claims, which arguably leaves the door
2 open for Frantz to reassert those claims after the Proposed Settlement
3 Agreement is approved;
- 4 • There is no language confirming that existing liens against the Debtor's interest
5 in the litigation will attach to the Estate Allocation² to the same extent and with
6 same priority as they existed as of the Petition Date;
- 7 • There are no limitations on whether Frantz assigns all or part of its responsibility
8 for the Southern California Gas Leak Litigation to other counsel, and if it does so,
9 from what portion, if any, of the fees received would that other counsel be entitled
10 to payment;
- 11 • There is no provision that any costs Frantz elected or elects to incur, 50% of
12 which would be charged against the Estate Allocation, must be approved by the
13 Trustee, or even be reasonable; and
- 14 • Although it is implied that Frantz is obligated to advance any and all costs post-
15 petition, it should be clarified that Frantz is not entitled to any interest or other
16 charges for the advancement of any costs it may have made or may make.

17 For the sake of certainty and the avoidance of doubt, Stillwell contends these issues should
18 be expressly resolved in the Proposed Settlement Agreement or an amendment thereto
19 before the Court grants approval.

20 In addition, certain undisclosed facts make it difficult for creditors, such as Stillwell,
21 to assess what portion of the fees paid in connection with the Southern California Gas Leak
22 Litigation will actually be included in the Joint Rep. Fees to be divided between the Estate
23 and Frantz. Under the Proposed Settlement Agreement, the Joint Rep. Fees are *net* of any
24 "Referral Fees." (Doc. 123 at 29.) Referral Fees is defined in the Proposed Settlement
25 Agreement as "referral fees owing to third parties pursuant to enforceable and documented
26 _____"

27 ² Defined in the proposed Settlement Agreement as 45% of the Joint Rep. Fees. (Doc. 123
28 at 30.)

1 With respect to the proposed division of fees, i.e., 45% to the Estate and 55% to
2 Frantz, Stillwell disagrees that this split “provides for a near *identical* recovery of fees” as
3 provided in Frantz and the Debtor’s previous agreements. (Doc. 123 at 2:15-17 (emphasis
4 added).) The Joint Representation Agreements being modified here provide for a 50/50
5 split; a reduction from 50% to 45% could result in a multi-million-dollar difference to the
6 Estate. Notwithstanding Stillwell’s disagreement with the Trustee’s characterization,
7 Stillwell does not object to the proposed split, subject to a satisfactory resolution of the
8 above listed issues and the advance disclosure of any and all Referral Fees.

9
10 Dated: January 29, 2021

DLA PIPER LLP (US)

11
12 /s/ Eric D. Goldberg

13 Eric D. Goldberg
14 Kate L. Benveniste
15 Attorneys for Secured Creditor
16 Stillwell Madison, LLC
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

2000 Avenue of the Stars
Suite 400 North Tower
Los Angeles, California 90067-4704

A true and correct copy of the foregoing document entitled (*specify*): **STILLWELL MADISON, LLC'S LIMITED OBJECTION TO TRUSTEE'S MOTION TO APPROVE COMPROMISE WITH FRANTZ LAW GROUP** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d), and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On January 29, 2021, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Richard D Buckley richard.buckley@arentfox.com
- Marie E Christiansen mchristiansen@vedderprice.com, ecfladocket@vedderprice.com, marie-christiansen-4166@ed.pacerpro.com
- Jennifer Witherell Crastz jcrastz@hrhlaw.com
- Ashleigh A Danker Ashleigh.danker@dinsmore.com, SDCMLFiles@DINSMORE.COM, Katrice.ortiz@dinsmore.com
- Clifford S Davidson csdavidson@swlaw.com, jlanglois@swlaw.com, cliff-davidson-7586@ed.pacerpro.com
- Lei Lei Wang Ekvall lekvall@swelawfirm.com, lgarrett@swelawfirm.com, gacruz@swelawfirm.com; jchung@swelawfirm.com
- Richard W Esterkin richard.estericin@morgantewis.com
- Timothy W Evanston tevanston@swelawfirm.com, gacruz@swelawfirm.com, lgarrett@swelawfirm.com; jchung@swelawfirm.com
- Eric D Goldberg eric.goldberg@dlapiper.com, eric-goldberg-1103@eapacerpro.com
- Andrew Goodman agoodman@andyglaw.com, goodmanandrewr102467@notify.bestcase.com
- Steven T Gubner sgubner@bg.law, ecf@bg.law
- Marshall J Hogan mhogan@swlaw.com, knestuk@swlaw.com
- Razmig Izakellan razmigizakelian@quinnemanuel.com
- Lewis R Landau Lew@Landaunet.com
- Daniel A Lev dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com, dlev@ectinforuptcy.com
- Peter J Mastan peter.mastan@dinsmore.com, SDCMLFiles@dinsmore.com, Katrice.ortiz@dinsmore.com
- Edith R Matthai ematthai@romalaw.com
- Kenneth Miller kmiller@pmcos.com, efilings@pmcos.com
- Elissa Miller (TR) CA71@edcbis.com, MillerTrustee@Sulmeyerlaw.com, C124@ecfcbis.com, ccaldwell@sulmeyerlaw.com
- Eric A Mitnick MitnickLaw@aol.com, mitnicklaw@gmail.com
- Scott H Olson solson@vedderprice.com, scott-olson-2161@eapacerpro.com, ecfsfdocket@vedderprice.com, nortega@vedderprice.com
- Leonard Pena lpna@penalaw.com, penasomaecf@gmail.com, commenalr72746@notify.bestcase.com
- Michael J. Quinn mquinn@vedderprice.com, ecfladocket@vedderprice.com, michael-quinn-2870@eapacerpro.com
- Ronald N Richards ron@ronaldrichards.com, morani@ronaldrichards.com, justin@ronaldrichards.com
- Philip E Strok pstrok@swelawfirm.com, gacruz@swelawfirm.com, lgarrett@swelawfirm.com, jchung@swelawfirm.com
- United States Trustee (LA) ustpreion16.1a.ed@usdoj.gov
- Eric D Winston ericwinston@quinnemanuel.com
- Christopher K.S. Wong christopher.wong@arentfox.com, yvonne.li@arentfox.com
- Timothy J Yoo tjy@lnbyb.com
- Andrew W. Zepeda azepeda@lurie-zepeda.com

2. SERVED BY UNITED STATES MAIL: On January 29, 2021, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Rafey Balabanlan
Edelson PC
123 Townsend St Ste 100
San Francisco, CA 94107

James J Finsten
Lurie, Zepeda, Schmalz, Hogan & Martin
1875 Century Park E Ste 2100
Los Angeles, CA 90067

Girardi Keese
1126 Wilshire Blvd
Los Angeles, CA 90017

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

January 29, 2021
Date

Eric D. Goldberg
Printed Name

/s/ Eric D. Goldberg
Signature